



## THE NAVAJO NATION

OFFICE OF THE PRESIDENT & VICE PRESIDENT

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# Navajo President Joe Shirley, Jr., signs documents to partner with KeyBank on groundbreaking \$60 million deal for new jails

**SAN FRANCISCO, Calif.** – Navajo Nation President Joe Shirley, Jr., and Navajo Nation Controller Mark Grant were here Thursday to sign documents for a \$60 million loan from KeyBank to be used to build new judicial and correctional facilities in Crownpoint, N.M. and Tuba City.

The signing comes six years after discussions first began. It fulfills President Shirley's vision to see needed judicial and jail facilities built on Navajoland to combat a rising crime rate.

The loan is considered to be the first major institutional financing deal governed exclusively by tribal laws and subject to tribal jurisdiction, in full recognition of the Navajo Nation's sovereignty.

KeyBank has agreed that disputes arising from the agreement will be

heard in Navajo courts according to Navajo laws, rather than in state or federal court according to state or federal laws.

"We worked with KeyBank and there's a lot of respect there for the Navajo Nation, and we appreciate that," President Shirley said. "They're willing to work with us with our laws and our courts, and that's a major point with us as a Nation."

The President said this deal means that the Nation can now begin to build detention facilities, new courts and public safety buildings.

"This has been a long time coming. We've talked about it for years, really," President Shirley said. "We can begin to

start actually bring down the crime rate, as far as building our detention facilities are concerned, and we can start doing it better with our judicial processes, with our court buildings."



*Steve McSloy of Hughes Hubbard & Reed LLP, Ben Rechkemmer of KeyBank National Association, OPVP Chief of Staff Patrick Sandoval, Mike Lettig of KeyBank National Association, Kendall Hansen of Key Government Finance, Inc., Navajo Nation Controller Mark Grant, President Shirley, Doug Goe, Bond Counsel with Orrick, Herrington & Sutcliffe LLP, Navajo Nation Assistant Attorney General Marcelino Gomez, Michael Schrader and Ethel Billie Branch, both of Orrick, Herrington & Sutcliffe LLP.*

Mike Lettig, KeyBank Native American Financial Services national executive, said the transaction is unique in that it integrates all of the legal infrastructure of a tribe.

"It recognizes the sovereignty of one of the strongest Indian tribes in the country, and it creates an opportunity to provide a solution in terms of financing that really recognizes the sophistication of their legal infrastructure, their laws, and it allows an organization like KeyBank to participate in a solution," he said.

KeyBank is a subsidiary of the Cleveland, Ohio-based KeyCorp, one of the nation's largest bank-based financial services companies with assets of approximately \$95 billion. Key companies provide investment management, retail and commercial banking, consumer finance, and investment banking products and services to individuals and companies throughout the United States and internationally.

Mr. Lettig said KeyBank took the time to conduct research and determined the Navajo legal system is strong and stable, and is confident there is no downside for the bank.

"The Navajo legal system is sophisticated and the tribe is in excellent financial shape," he said. "This is a great opportunity for KeyBank to establish the kind of strong, ongoing relationships we are seeking in Indian Country. Without taking any undue risk, we can help the tribe upgrade needed infrastructure. This deal is backed by the full faith and credit of the Navajo Nation – and we are confident of the strength of that position."

Navajo Nation Controller Mark Grant worked with KeyBank to negotiate the terms of the term loan.

"This means that we can start building jails," he said. "This set a new playing field for the Nation. They did research on the Navajo Nation and found that the Navajo court system is very stable."

He said the Nation is thankful to KeyBank for taking the time to familiarize itself with the laws of the Nation, and is excited to move forward.

"The Nation is particularly thankful to KeyBank for providing key capital for one of the Nation's largest government facilities projects," he said. "The funds from the term loan will allow the Nation to move forward expeditiously."

The \$60 million loan means the Navajo Nation can take advantage of tax-exempt financing and participate in the Build America Bond program, part of last year's American Recovery and Reinvestment Act.

The program permits state, local and tribal governments to access funds at discounted interest rates for public buildings, transportation projects and other infrastructure needs.

KeyBank provides capital and financial services to more than 50 Native American tribes and tribal corporations, with total credit commitments of approximately \$675 million.

The Portland, Ore.-based law firm of Orrick, Herrington and Sutcliffe LLP served as Bond Counsel to the Nation. Hughes Hubbard & Reed LLP served as Lender's Counsel, and Davis Wright Tremaine served as Lender's Special Tax Counsel.